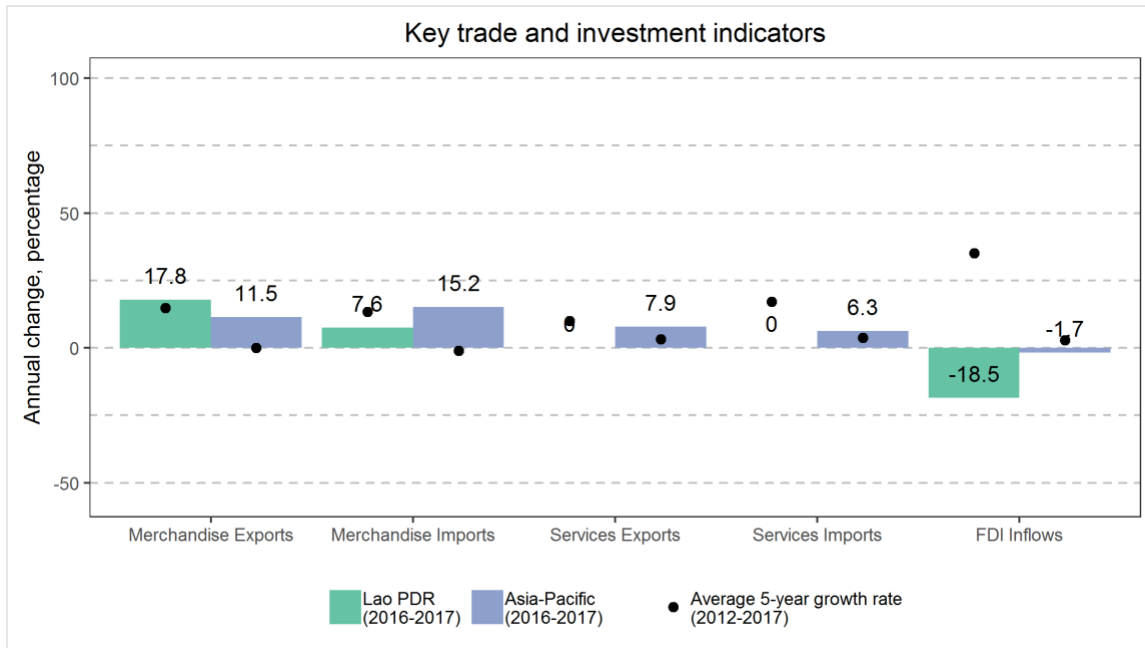




Asia-Pacific Trade Briefs: Lao PDR



Merchandise Trade

Lao PDR has a trade-to-GDP ratio of 62.3%. Merchandise trade accounted for 86.2% of Lao PDR's total trade in 2017. Lao PDR's merchandise exports grew by 14.8% on average during 2012-2017, higher than the Asia-Pacific average of 0% during the same time period. In 2017, Lao PDR's merchandise exports grew by 17.8%, while in the Asia-Pacific region they increased by 11.5% in the same year. Meanwhile, Lao PDR's merchandise imports increased by 13.4% on average during 2012-2017, and recorded an increase of 7.6% between 2016 and 2017.

Services Trade

In 2017, Lao PDR's commercial services' shares of total exports and imports were 17.4% and 10.8%, respectively. Commercial services exports grew by 10% on average during 2012-2017, higher than the Asia-Pacific average of 3.2% during the same time period. Meanwhile, Lao PDR's commercial services imports increased by 17.2% on average during the 2012-2017. (Note: commercial services trade data for Lao PDR for 2017 was not available at the time of writing this report, as such, 2016 data was used for exports and imports to come up with services trade shares and latest five-year average growth rates.)

Foreign Direct Investment (FDI)

Lao PDR recorded an average annual FDI inflows growth of 35.2% from 2012 to 2017, larger than the Asia and the Pacific's 2.9% average annual FDI inflow growth. At the same time, Lao PDR experienced a decline in FDI inflows by 18.5% in 2017. In terms of FDI outflows, Lao PDR had an average annual FDI outflows



growth of 6859.2% in the last five years, larger than the Asia and the Pacific's 3.5% average annual FDI outflow growth. In 2017, Lao PDR experienced an increase in FDI outflows by 25%.

Top Trade Partners

In 2017, the largest trade partner of Lao PDR was Thailand, representing 42.6% of its exports and 59.1% of its imports. 28.6% of Lao PDR's exports and 21.5% of Lao PDR's imports by value were traded with China, its second largest trade partner. Other significant trade partners were Viet Nam, Japan, India, Republic of Korea, United States, Germany, Austria, and Netherlands.

Top Traded Products

The largest product category exported by Lao PDR in 2017 was "Copper ores and concentrates" (2603), with an export share of 23% of total exports, followed by the second most exported product category, "Commodities not specified according to kind" (9999), which accounted for 14.9% of Lao PDR's total exports. In terms of imports, "Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data (including wired/wireless networks), excluding items of 8443, 8525, 8527, or 8528" (8517) represented 7.7% of total imports, standing out the top imported product category. Meanwhile, "Vehicles; for the transport of goods" (8704) had a share of 14.9%, the second largest imported product category in Lao PDR in 2017. (Note: mirror trade data was used to get top traded products for this year for Lao PDR).

Tariffs

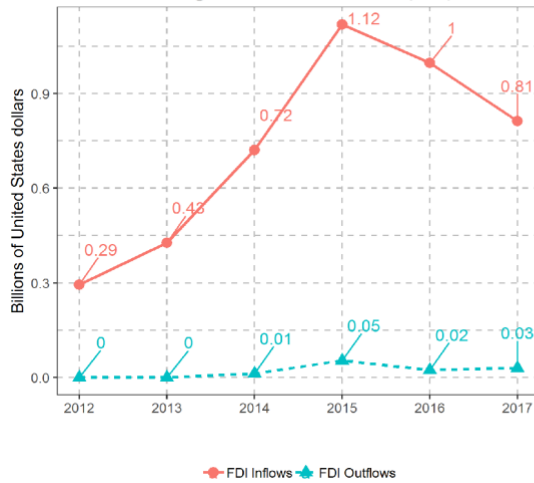
In 2017, average MFN applied and effectively applied tariffs in Lao PDR were 10.01% and 4.83%, respectively - higher than the averages for the Asia-Pacific economies of 7.46% and 6.91%, respectively. Average MFN bound tariff rate of 18.73% was lower than the Asia-Pacific average of 26.35%. Lao PDR acceded to the WTO on 2 February 2013. Currently, 100% of Lao PDR's tariff lines are bound.

Trade Costs

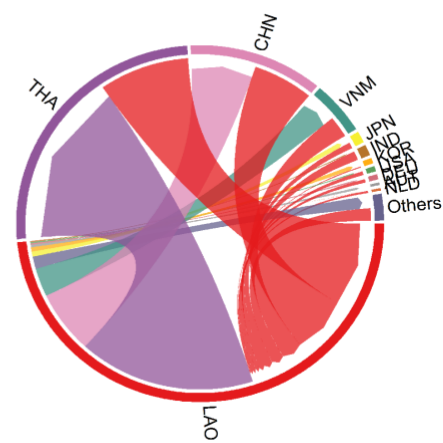
Lao PDR's average trade costs with major trading economies in the region, are presented in the graph below. Trade costs in Lao PDR remained higher compared with the most efficient traders in Asia and the Pacific.



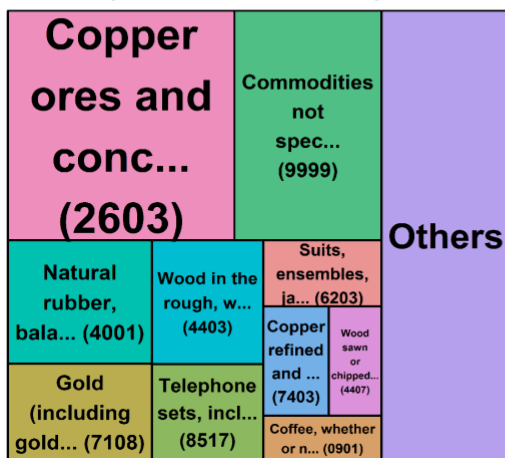
Foreign Direct Investment (FDI)



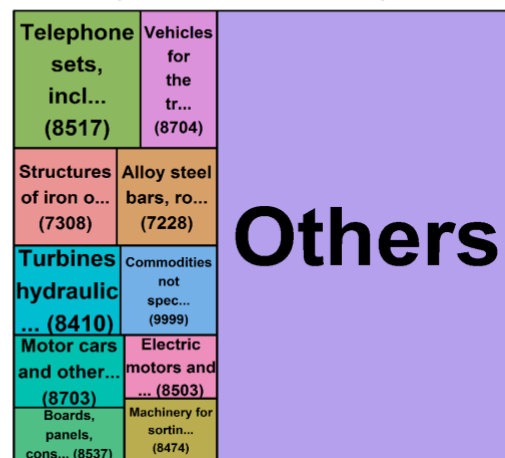
Top 10 trade partners, 2017



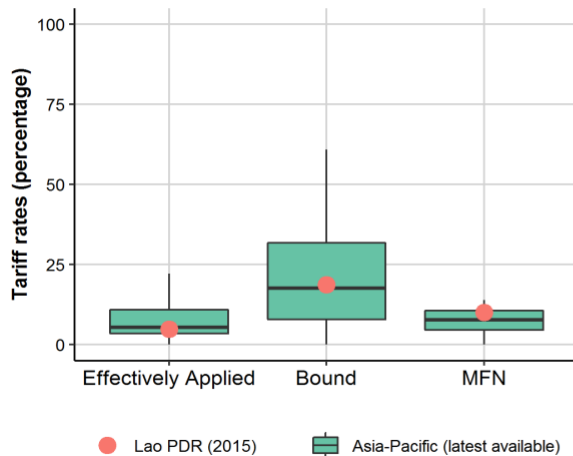
Top merchandise exports



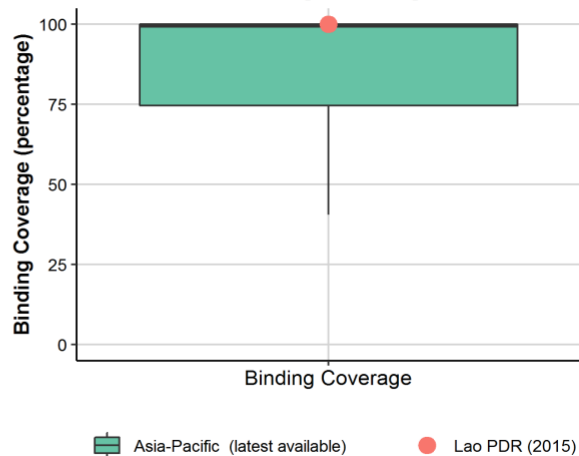
Top merchandise imports

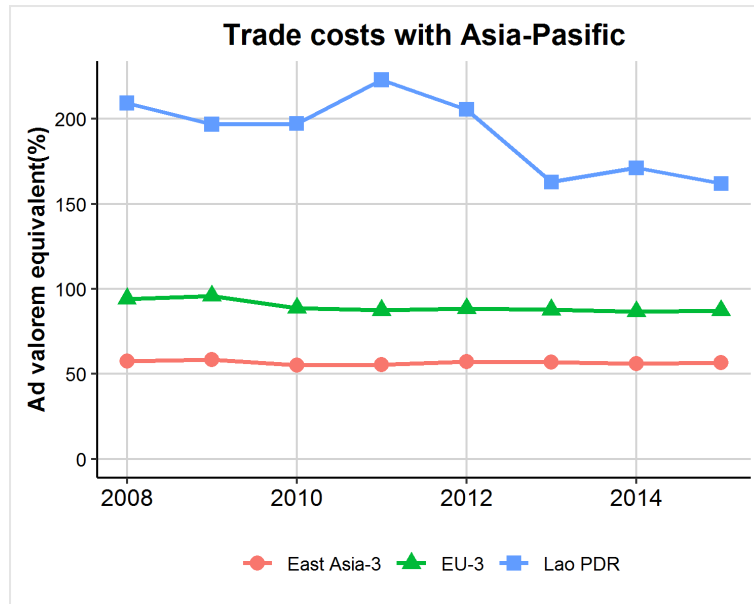


Import Tariffs



Binding coverage





Trade Agreements

Lao PDR has 8 trade agreements in force, 0 signed agreements pending ratification, and 3 trade agreements under negotiation. Of the economy's total exports, 90.8% are directed to its trade agreement partners, while 95.2% of its total imports come from trade agreement partners.

Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Asia-Pacific Trade Agreement (APTA)	in force	1976	33.55	23.33
Lao People's Democratic Republic-Thailand	in force	1991	42.62	59.09
ASEAN Economic Community	in force	1992	54.19	69.76
ASEAN-China	in force	2005	82.82	91.27
ASEAN-Japan	in force	2008	57.02	71.51
ASEAN-Australia-New Zealand	in force	2010	54.47	70.06
ASEAN-India	in force	2010	58.57	70.14
ASEAN-Republic of Korea	in force	2010	54.69	71.19
ASEAN-European Union (EU)	under neg.	NA	60.09	73.37
ASEAN-Hong Kong,China	under neg.	NA	54.27	70.08
Regional Comprehensive Economic Partnership (RCEP)	under neg.	NA	90.82	95.15

Sources: Total commercial services and merchandise trade data were accessed from the WTO statistics website. Bilateral trade data accessed through IMF Direction of Trade Statistics. Product-level data accessed through UN Comtrade database. Tariff data were accessed through the World Bank's WITS and WTO tariff databases. FDI data were accessed through UNCTAD statistics portal. Trade-to-GDP ratio was calculated by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database. Trade costs data were based on the ESCAP-World Bank trade cost database.



ASIA PACIFIC TRADE AND INVESTMENT
REPORT 2018

Recent Trends and Developments



UNITED NATIONS

ESCAP

Economic and Social Commission for Asia and the Pacific

Note: Data are based on economies for which data available only. For regional aggregates, latest data was used in lieu of latest missing values. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are simple average. Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of economies with found developing economies in the region (China, India, Indonesia and Russian Federation), where data was available. Trade costs for East Asia-3 comprises China, Japan and the Republic of Korea; trade costs for European Union-3 comprises Germany, France and the United Kingdom.

Definitions: MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the ratio of collected import tariff revenue and value of imports. Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact escap-tiid@un.org.